

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04  
NSAE-00 SIL-01 PA-02 PRS-01 USIA-15 /050 W  
-----112661 082223Z /66

R 082135Z JUL 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 9685  
INFO AMCONSUL BREMEN  
AMCONSUL DUSSELDORF  
AMCONSUL FRANKFURT  
AMCONSUL HAMBURG  
AMCONSUL MUNICH  
AMCONSUL STUTTGART  
USMISSION USBERLIN  
AMEMBASSY BRUSSELS  
AMEMBASSY BERLIN  
AMEMBASSY PARIS  
AMEMBASSY LONDON  
AMEMBASSY ROME

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USEEC

E.O. 11652: N/A  
TAGS: ELAB, GW  
SUBJECT: FRG UNEMPLOYMENT SITUATION STILL DISAPPOINTING

REF: (A) BONN 09631; (B) BONN 11266

SUMMARY: UNEMPLOYMENT IN THE FRG DROPPED A MEAGER  
15,500 DURING JUNE, TO A LEVEL OF 931,000 (10,000  
HIGHER THAN ONE YEAR EARLIER). SEASONALLY ADJUSTED  
UNEMPLOYMENT, HOWEVER, ROSE FOR THE THIRD MONTH IN A  
ROW, UP 5,000 FROM MAY. PUBLIC REACTION REFLECTS  
GROWING DISGRUNTLEMENT WITH THE GOVERNMENT'S INABILITY  
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TO RECTIFY THE SITUATION. END SUMMARY.

1. AN OVERALL REVIEW OF THE UNEMPLOYMENT PICTURE IN  
THE FRG FOLLOWS (ALL TOTALS IN THOUSANDS, ALL RATES IN  
PERCENTAGES):

UNEMPLOYMENT	COMPARISONS
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	JUNE 77		MAY 77		JUNE 76	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
SEAS. ADJ.	1,034		1,029		1,036	
NON-SEAS.	931.0	4.1	946.5	4.2	921.0	4.0
ADJ.						
MEN	451.2	3.2	464.1	3.3	472.7	3.3
WOMEN	479.8	5.6	482.4	5.7	448.3	5.3

TABLE (CONT'D)

	JUNE 77		MAY 77		JUNE 76	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
REG.JOB	261.9		242.8		281.0	
OPENINGS						
PART TIME	256.5		317.1		217.9	
WORKERS						
FOREIGN	83.1	4.2	89.0	4.4	90.0	4.4
WORKERS						
YOUTH	80.0	3.7	80.0	3.7	77.2	3.5
(UNDER 20)						

2. THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTES JUNE'S UNSATISFACTORY DEVELOPMENT TO THE VIRTUAL EXHAUSTION OF SEASONAL INCENTIVES AND AN EARLY "SUMMER LULL" (THE BEGINNING OF THE VACATION PERIOD) WHICH DIS-  
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COURAGED MANY EMPLOYERS FROM TAKING ON NEW WORKERS. THIS ANNUAL TREND SEEMS TO HAVE A GREATER EFFECT THIS YEAR THAN IN PREVIOUS YEARS.(THE FEDERAL EMPLOYMENT SERVICE EXPLAINED THAT LABOR MARKET INDICATORS WERE MIXED, MAKING IT DIFFICULT TO ASSESS FUTURE PROSPECTS.) FOR THE FIRST TIME SINCE APRIL 1976, UNEMPLOYMENT LEVELS WERE HIGHER THAN IN THE PRECEEDING YEAR. THE NUMBER OF FEMALE UNEMPLOYED (479.800) CONTINUES TO OUTNUMBER THAT OF MEN (451.200),WITH 37.5 PERCENT OF THE UNEMPLOYED WOMEN LOOKING FOR PART-TIME JOBS.

3. SEASONALLY ADJUSTED UNEMPLOYMENT INCREASED IN JUNE BY ANOTHER 5,000 TO 1,034,000, THUS REACHING ALMOST THE SAME LEVEL AS IN JUNE 1976 (1,036,000). (THE BUNDESANSTALT REVISED ITS MAY SEASONALLY ADJUSTED FIGURES UPWARD FROM 1,022,000 TO 1,029,000).

4. GEOGRAPHICALLY, JUNE UNEMPLOYMENT WAS MOST SEVERE IN LOWER SAXONY-BREMEN WITH 5.2 PERCENT, FOLLOWED BY NORTH RHINE-WESTPHALIA (4.8 PERCENT), AND RHINELAND-PALATINATE-SAARLAND (4.6 PERCENT). BADEN-WUERTTEMBERG AGAIN REGISTERED THE LOWEST UNEMPLOYMENT RATE WITH

2.7 PERCENT. THE NEXT LOWEST WAS SOUTH BAVARIA WITH  
3.3 PERCENT AND HESSE WITH 3.6 PERCENT.

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5. UNEMPLOYMENT AVERAGED 1,090,000 OR 4.8 PERCENT  
DURING THE FIRST HALF OF 1977, AS COMPARED WITH  
5.1 PERCENT DURING THE SAME PERIOD IN 1976. (THE  
SEASONALLY ADJUSTED SIX-MONTH AVERAGE WAS 1,016,000.  
SEE REFTTEL B.)

6. THE FEDERAL EMPLOYMENT SERVICE (WHICH DIS-  
TRIBUTES UNEMPLOYMENT COMPENSATION) ALSO ANNOUNCED  
THAT CONTINUED HIGH UNEMPLOYMENT WAS RESPONSIBLE FOR  
A BUDGET DEFICIT OF DM 818.8 MILLION DURING THE PERIOD  
JANUARY TO JUNE 1977. IT REPORTED, HOWEVER, THAT THE  
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DEFICIT COULD BE MADE UP FROM THE LIQUIDATION OF RESERVES WITHOUT RESORTING TO ADDITIONAL GOVERNMENT BUDGET FUNDS, ACCORDING TO PRESIDENT STINGL.

7. PUBLICATION OF THE JUNE UNEMPLOYMENT DATA EVOKED WIDE-SPREAD DISAPPOINTMENT. GOVERNMENT SPOKESMAN, ARMIN GRUENEWALD, ADMITTED THAT THE SITUATION WAS "UNSATISFACTORY", REFERRING PARTICULARLY TO MAJOR DIFFICULTIES IN PROVIDING PART-TIME JOBS FOR UNEMPLOYED WOMEN. EUGEN GLOMBIG, SOCIAL AFFAIRS SPOKESMAN FOR THE SPD BUNDESTAG FACTION, SPOKE OF A CRITICAL STAGNATION ON THE LABOR MARKET AND CALLED FOR MORE ENERGETIC GOVERNMENT ACTION TO RESTORE FULL EMPLOYMENT. FDP DEPUTY FACTION LEADER HANS ENGELHARD URGED THE EARLIEST POSSIBLE IMPLEMENTATION OF THE PUBLIC INVESTMENT PROGRAM AND ADDITIONAL MANPOWER PROGRAMS RECENTLY APPROVED BY THE GOVERNMENT (REF B). SPOKESMEN FOR THE CDU/CSU BUNDESTAG FACTION BLAMED THE GOVERNMENT'S TOTALLY FALSE POLICY RESPONSIBLE FOR THIS "FATAL DEVELOPMENT."

8. COMMENT: THE UNFAVORABLE UNEMPLOYMENT PICTURE HAS BECOME A SOURCE OF GROWING CONCERN FOR ALL POLITICAL FORCES, BUT PARTICULARLY FOR THE SPD AND THE TRADE UNIONS. ON JULY 5, THE DGB PUBLISHED ITS OWN PLAN TO COMBAT UNEMPLOYMENT (REPORTED SEPTEL). THIS DEVELOPMENT IS INTERPRETED AS AN INDICATION OF LABOR'S GROWING NERVOUSNESS WITH THE GOVERNMENT'S INABILITY TO CUT UNEMPLOYMENT AND RESTORE THE FRG TO FULL ECONOMIC HEALTH.  
STOESSEL

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## Message Attributes

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**Review Release Event:** n/a  
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**Subject:** FRG UNEMPLOYMENT SITUATION STILL DISAPPOINTING  
**TAGS:** ELAB, GE  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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